FILED
9-12-16
04:59 PM

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of its Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for Program Years 2015-2017.	Application 14-11-007 (Filed November 18, 2014)
Application of San Diego Gas & Electric Company (U902M) for Approval of Low Income Assistance Programs and Budgets for Program Years 2015-2017.	Application 14-11-009 (Filed November 18, 2014)
Application of Pacific Gas and Electric Company for Approval of the 2015-2017 Energy Savings Assistance and California Alternate Rates for Energy Programs and Budget. (U 39 M).	Application 14-11-010 (Filed November 18, 2014)
Application of Southern California Gas Company (U904G) for Approval of Low Income Assistance Programs and Budgets for Program Years 2015-2017.	Application 14-11-011 (Filed November 18, 2014)

REPLY COMMENTS OF THE UTILITY REFORM NETWORK ON THE ALTERNATE PROPOSED DECISION OF COMMISSIONER SANDOVAL ON THE UTILITIES' 2015-2017 CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) AND ENERGY SAVINGS ASSISTANCE (ESA) PROGRAM APPLICATIONS

Hayley Goodson, Staff Attorney
Matthew Freedman, Staff Attorney
The Utility Reform Network
785 Market Street, Suite 1400
San Francisco, CA 94103
Phone: (415) 929-8876
Fax: (415) 929-1132
E-mail: hayley@turn.org

September 12, 2016

TABLE OF CONTENTS

REPLY COMMENTS OF THE UTILITY REFORM NETWORK ON THE ALTERNATE PROPOSED DECISION OF COMMISSIONER SANDOVAL

I. INTRODUCTION

On August 16, 2016, the Commission issued the Proposed Decision of Administrative Law Judge Colbert, titled *Decision on Large Investor-Owned Utilities' 2015-2017 California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) Program Applications* (PD), and the Alternative Proposed Decision of Commissioner Sandoval, titled *Decision on Large Investor-Owned Utilities' California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) Program Applications* (APD). Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, The Utility Reform Network (TURN) submits these reply comments on the APD.

II. REPLY COMMENTS ON ESA PROGRAM ISSUES

A. The Record Supports the Adoption of a 1.0 Cost-Effectiveness Threshold Target for ESAP Using the "Adjusted ESACET" Methodology Now, But the Application of the Threshold Should Await the Updated Model Input Assumption Identified by the Working Group.

The Office of Ratepayer Advocates (ORA) and Natural Resources Defense Council (NRDC) take issue with the PD's and APD's conclusion that it is premature to adopt the 1.0 cost-effectiveness threshold target for ESAP using the Adjusted ESACET methodology.[1] TURN agrees with these parties that the *policy* of a 1.0 cost-effectiveness threshold is ripe for adoption now, and nothing in the PD or APD demonstrates otherwise.

The PD and APD appear to confuse the need, recognized by the Cost-Effectiveness Working Group (CEWG), to refine some of the data inputs and assumptions that go into the Adjusted ESACET with the policy of a target threshold based on the Adjusted ESACET. As NRDC points out, "While the [Cost-Effectiveness] working group's proposal noted that additional measures may later be suggested to be removed from the test, this will not change the threshold or test proposed by the CEWG."[2] Indeed, the question of which measures to remove from the Adjusted ESACET (because they are installed for health and safety purposes alone) does not speak to the issue of the level of benefits from the remaining measures, including energy and non-energy benefits (NEBs), the Commission should expect given the associated costs. The same is true for the two other activities identified by the CEWG and cited by the

[1] ORA, p. 6; NRDC, pp. 12-13.
[2] NRDC, p. 13.

PD and APD: how to allocate general program administrative costs and NEBs to the non-resource measures removed from the Adjusted ESACET methodology (so that those costs and benefits are likewise removed from the test); and revisions to the quantification of NEBs based on the NEBs study, proposed by the utilities and authorized by the PD and APD.[3] All three of these activities will improve the accuracy and appropriateness of the *inputs* into the Adjusted ESACET but should not change the *policy* of targeting a 1.0 benefit-to-cost ratio for the measures captured by the test.

For this reason, TURN urges the Commission to adopt the policy of a 1.0 cost-effectiveness threshold using the Adjusted ESACET now, for application in the *next program cycle*. This outcome is what the majority of CEWG members intended, what TURN recommended in this proceeding, and what the record supports.[4] The PD acknowledges as much, stating: "We find that the working group's recommendations provide an appropriate approach to both implementing essential measures and providing cost-effectiveness guidance on the remainder of the ESA Program measures."[5] There is no reason to delay adoption of the 1.0 cost-effectiveness target. To the contrary, adopting this policy now will put the utilities and program implementers on notice of the Commission's expectations for the continued transformation of the ESA program. The Commission should not underestimate the value of providing the utilities and other stakeholders with ample lead time for next-cycle planning.

In the mean time, TURN supports the direction provided by the PD and APD to the CEWG to reconvene and complete the identified tasks to refine the Adjusted ESACET inputs and assumptions before the new cost-effectiveness target takes effect. Such activities should be completed in time to inform next cycle planning, well in advance of the due date for the utilities' next program applications.

B. Closure of SCE's and SDG&E's Appliance Recycling Programs Earlier this Year Does Not Preclude Promoting Second Refrigerator Removal and Recycling Through ESAP.

TURN addresses this issue, pertaining to the APD and PD, in our reply comments on the PD.

C. The Commission Should Authorize the IOUs to Introduce New Measures Through a Tier 2 Advice Letter Process in Consultation with the Mid-Cycle Working Group, as Long as The Total Program Remains Cost-Effective Based on the Adjusted ESACET or Other Program Level Cost-Effectiveness Threshold.

TURN addresses this issue, pertaining to the APD and PD, in our reply comments on the PD.

---

[3] *See* PD, pp. 164-165; APD, p. 207.
[4] *See, e.g.* TURN Reply Brief, pp. 9-15 (discussed in the PD at 163-164 and APD at 205).
[5] PD, p. 164.

D. Multifamily Housing Owners Should Enjoy a Single Outward Program Offering, Despite that Incentives May Be Pooled From Different Programs.

Several parties, including TURN, recommend that the Commission create an accounting mechanism to support combining funding sources, where available, for the multifamily whole building retrofits the APD would fund through ESAP.[6] TURN clarifies our intention that building owners will experience a single program interface, while the utilities handle funding integration behind the scenes.

E. The Commission Should Reject Nest's Proposed Modification to the APD to Promote SCE's PTR-ET-DLC Demand Response Program.

NEST requests changes to the APD designed to allow ESA program customers to participate in Southern California Edison Company's (SCE's) PTR-ET-DLC program,[7] based on the assertion that it "is a critical component of the Aliso Canyon mitigation strategy."[8] SCE had initially planned to terminate the PTR-ET-DLC program in 2016 due to its poor cost effectiveness and poor performance, but due to the Aliso Canyon leak, the Commission granted a one-year delay in the termination of the program.[9] The program will thus terminate in 2017, so it makes little sense to promote enrollment of ESA program customers in a demand response program that will soon end. Moreover, demand response programs that cannot bid into the CAISO market provide no resource adequacy benefits.[10] ESA customers receive ratepayer-funded measures and technologies, so it is only fair that *if* the Commission requires participation in demand response programs (contrary to TURN's recommendation in our opening comments), it should provide for participation in programs that benefit other ratepayers.

III. REPLY COMMENTS ON CARE PROGRAM ISSUES

A. The Commission Should Reject IREC's Request for a Finding that the Basic Structure of Its CleanCARE Proposal Is Legally Permissible.

The Interstate Renewable Energy Council (IREC) asks the Commission to affirm that its CleanCARE proposal is legally permissible even though many details remain in flux. Specifically, IREC seeks a finding that the Commission may authorize the use of CARE program funds to support the installation of shared off-site renewable energy facilities that provide bill credits to CARE customers

[6] NCLC/CHPC, pp. 12-13; TURN Cmts on APD, pp. 12-13.
[7] TURN notes that it was not able to find a tariff schedule for PTR-ET-DLC on SCE's website to determine program specifications.
[8] Nest, p. 4.
[9] D.16-06-029, p. 25-28.
[10] D.15-11-042.

through the use of virtual net metering.[11] TURN urges the Commission to instead affirm that the proposed diversion of CARE funds for this purpose violates the statutory requirements of AB 327.

IREC's proposal relies upon an impermissible interpretation of AB 327 and fails to consider the adverse consequences on the entire CARE program. AB 327 explicitly states that the "entire [CARE] discount shall be provided in the form of a reduction in the overall bill for the eligible CARE customer."[12] Yet IREC proposes to use CARE funds to subsidize installations in generation projects, a purpose that is expressly prohibited under statute. Moreover, the "reduction in the overall bill" proposed by IREC would be achieved only through the use of virtual net metering, a mechanism that has never been approved by the Commission and is not authorized by AB 327. Finally, AB 327 limits the "average effective CARE discount" for the entire residential CARE class to no more than 35 percent.[13] Under IREC's proposal, the virtual net metering bill credits are the "discount" to be counted against this total limitation. The "discounts" resulting from CleanCARE could significantly diminish the funds remaining for actual discounts provided to CARE customers, thereby harming the remaining CARE customers not being served under CleanCARE. IREC fails to acknowledge or anticipate this set of consequences for the entire CARE program.

The Commission should therefore reject IREC's proposal and expressly direct that any future iteration of this proposal should omit the use of CARE program funds to achieve its overall objectives. Avoiding reliance on CARE program funds would eliminate some, but not all, of the legal and policy issues presented by this proposal.

IV. REPLY COMMENTS ON ISSUES COMMON TO CARE AND ESAP

A. The Commission Should Not Direct CARE and ESAP Funds to LifeLine Providers, as Variously Proposed in the APD and PD.

Pacific Gas and Electric Company (PG&E) argues that the APD and PD would "inappropriately and unlawfully" require that CARE and ESA funds be directed to telecommunications companies to support California LifeLine efforts, reasoning that CARE and ESA funds are to be used for electricity and natural gas utility customers, not services provided by telecommunications carriers to their customers.[14] The Center for Accessible Technology (CforAT) adds, "[There is currently no record on which to evaluate whether allocating CARE funding to pay LifeLine providers for various activities is

[11] IREC, pp. 4-5, 8.
[12] Cal. Pub. Util. Code §739.1(c)(3).
[13] Cal. Pub. Util. Code §739.1(c)(1).
[14] PG&E, p. 4.

an effective use of these ratepayer funds."[15] ORA and the CforAT take specific issue with the APD's directive that CARE funding be used to subsidize smartphones for LifeLine customers, given the lack of any record in this proceeding to support this proposal. CforAT explains:

> [T]he ongoing work in the Lifeline proceeding (R11-03-013) demonstrates that Lifeline customers already generally have access to smartphones through the program without this subsidy. Because the costs are unknown and the potential benefits to low-income customers (rather than the Lifeline providers that would receive the subsidy) is uncertain, CforAT does not support this provision in the APD.[16]

ORA similarly suggests, "If such policies are prudent, they should be addressed in the area of Commission Lifeline policy or statute," not through the CARE program.[17]

TURN agrees with these parties that the PD and APD would inappropriately have energy utility ratepayers pay for LifeLine-related activities, without any record evidence of the benefits to low-income customers, the associated costs, and whether such cross-subsidies would be lawful. As such, TURN recommends that the Commission remove all directives in the PD and APD that contemplate directing CARE and/or ESAP funding *to LifeLine providers* for various activities related to coordination with CARE and ESAP, including the provision of smartphones, data sharing, development of websites and mobile apps, or other IT costs. TURN, like CforAT, "strongly supports efforts to maximize coordination between the IOUs and LifeLine providers and to enroll LifeLine customers in CARE and ESAP," but the PD's and APD's approaches are premature and potentially misguided.[18]

V. CONCLUSION

For the foregoing reasons, TURN respectfully submits that the Commission should adopt the recommendations contained herein, those presented in our reply comments on ALJ Colbert's PD, and those offered in our separately-filed opening comments on the APD and PD.

//

[15] CforAT, p. 8 (funding for website and app design); p. 10 (proposals and costs associated with LifeLine data sharing); and p. 11 (LifeLine-related IT enhancements).
[16] CforAT, p. 12.
[17] ORA, p. 12.
[18] *See* CforAT, p. 8.

Date: September 12, 2016

Respectfully submitted,

By: _____/s/_____
Hayley Goodson
Staff Attorney

The Utility Reform Network
785 Market Street, Suite 1400
San Francisco, CA 94103
Phone: (415) 929-8876
Fax: (415) 929-1132
Email: hayley@turn.org